United Nations E/AC.51/2002/L.6/Add.1

Economic and Social Council

Distr.: Limited
1 July 2002

Original: English

Committee for Programme and Coordination
Forty-second session
10 June-5 July 2002
Agenda item 9
Adoption of the report of the Committee on its forty-second session

Draft report

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Addendum

Review of the efficiency of the administrative and financial functioning of the United Nations

(*Item 3*)

Proposed programme budget outline for the biennium 2004-2005

1. At its 18th and 19th meetings, on 24 and 25 June 2002, the Committee considered the report of the Secretary-General on the proposed programme budget outline for the biennium 2004-2005 (A/57/85).

2. The representative of the Secretary-General introduced the proposed programme budget outline for the biennium 2004-2005 and responded to the questions raised during the Committee's consideration of the report.

Discussion

3. The Committee welcomed the timely submission of the outline and reaffirmed that in the consideration of the outline and through the entire budgetary process, provisions of General Assembly resolution 41/213 of 19 December 1986 should be fully respected. Support was expressed for the priorities outlined in the document, which reflected those priorities set out in the medium-term plan for the period 2002-2005.

4. It was noted that the outline provided a preliminary indicative estimate of requirements for the period. However, the view was expressed that further

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clarifications were required on several aspects. Support was expressed for the continued implementation of the United Nations Millennium Declaration. It was observed that the outline did not clearly reflect any movement of resources from low-priority to high-priority areas. Queries were raised as to the emphasis on the areas of human rights and humanitarian affairs and common support services, as reflected in terms of percentage resource change outlined in the annex to document A/57/85. With regard to the level of the outline, concern was expressed that proposals reflected the addition of new mandates without reprioritizing existing programmes. It was noted that the proposed budget outline contained no concrete proposals for efficiency measures and did not reflect the impact of full implementation of regulation 5.6 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. It was stated that it was not clear whether the proposals reflected a continued commitment to budgetary discipline and the impact of the implementation of reform initiatives, including further streamlining. In particular, concern was expressed regarding the need to take into account expected efficiency gains arising from the implementation of results-based budgeting and human resource management reform. The view was expressed that the amount of $44.9 million of the $59.3 million for strengthening the security and safety of United Nations premises should be deducted as one-time costs in 2002-2003. It was noted that even the current service cutbacks, which negatively affected the quality of service delivery, could not be sustained in the long run without becoming counterproductive, and efforts should be made to bring services to a level that would not prejudice programme delivery any further.

5. Clarification was sought regarding the full provision for new posts. It was noted that the amount for full provision in 2004-2005 for posts newly approved in 2002-2003 resulted from the application of current standard methodology. The view was expressed that the practice of budgeting for newly created professional posts on a 50 per cent basis should be continued so as to take into account the time necessary for recruitment. It was stated that when new professional posts were proposed the Secretary-General should provide information on their full financial impact in subsequent budget periods. At the same time, support was expressed regarding the consideration of costing future new post proposals on a full-cost basis so as to avoid the delayed impact of growth in subsequent bienniums. In particular, it was asked whether the ongoing human resource reform initiatives would reduce recruitment delays to levels consistent with such a methodology. On the other hand, the view was also expressed that the proposal for full budgetary provisions for new posts should be commended.

6. With regard to provisions for information technology and common services, it was stated that no efficiency savings appeared to be identified. The view was expressed that there was no basis for including the amount of $29.8 million for restoring funds that were not approved for the programme budget for 2002-2003. It was also stated that the General Assembly had set a prerequisite for significant investment in information technology, i.e., a clear, coherent strategy. Clarifications were sought regarding the relationship between the Integrated Management Information System and other information technology. Queries were raised regarding the implications of supplementary information technology and common services for conference services. It was noted that proposals should include sufficient resources for conference services to bring the services to a level that

would meet the requirements of Member States and to rectify the current circumstances, especially for meetings of the regional groups. It was also stated that it was not clear how proposed increases in common services related to programme priorities.

7. With regard to special political missions, it was noted that the consideration of the inclusion of these activities in the regular budget was an important issue, and that a different treatment, similar to that for the financing of peacekeeping operations and international tribunals, might be considered. The question was raised as to why the difficulties related to the treatment of these activities had not been brought to the attention of the Committee earlier. Concern was expressed as to how such missions could be planned under the regular budget when they were not treated in accordance with the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. It was recalled that the General Assembly had previously taken a decision on this issue. It was acknowledged that special political missions were unique, but it was noted that their inclusion in the regular budget enhanced predictability and required better estimates. The view was expressed that these activities should continue to be included in the regular budget. It was also stated that consideration of this issue could be flexible. It was noted that the provision for special political missions in the outline for the biennium 2004-2005 was proposed at a level of approximately twice that approved for the current biennium. It was also observed that the circumstances of the past year had been exceptional. Concern was expressed regarding the proposed level of resources estimated in the outline for special political missions. It was stated that any provision for these activities should be realistic and transparent.

8. The view was expressed that several proposals in the outline suggested a return to an era of ever-increasing budgets, when budget decision-making was focused on how much to add to the last budget.

9. It was considered that sustained reform and continuous improvement could and would have a significant favourable impact on the resource requirements of the Organization.

10. Support was expressed for the reflection of the approximation of inflation rates on the proposals in the outline. It was also noted that exchange rates could not be reliably predicted at this stage for the time periods covered by the outline.

11. Support was expressed for the recommendation to set the size of the contingency fund at a level of 0.75 per cent for the biennium 2004-2005.

Conclusions and recommendations

12. The Committee considered the outline, in accordance with General Assembly resolution 41/213, annex I, using as a framework the four elements listed in paragraph 1 of the report of the Secretary-General, namely:

(a) Preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;

(b) Priorities, reflecting general trends of a broad sectoral nature;

(c) Real growth, positive or negative, compared with the previous budget;

(d) Size of the contingency fund expressed as a percentage of the overall level of resources.

13. The Committee took note of the report of the Secretary-General on the proposed programme budget outline for the biennium 2004-2005 (A/57/85) and recommended that the General Assembly should give further consideration to all the aspects contained in the proposed programme budget outline, in the light of the discussions reported above and taking into account the following:

(a) The preliminary estimates should be adequate for the full implementation of all mandated programmes and activities;

(b) The Committee noted that in September the Secretary-General would submit reform proposals to the General Assembly at its fifty-seventh session pertaining to the continued process of strengthening the Organization, and that any implications that the reform would have for the proposed programme budget outline would be addressed at the fifty-seventh session of the General Assembly;

(c) The Committee recalled resolution 53/206, in which the General Assembly endorsed the proposal of the Secretary-General that provision should be made in the budget outline for expenditures for special political missions related to peace and security expected to be extended or approved in the course of the biennium;

(d) While noting that the Secretary-General would reflect, in his budget submission, additional cost-effectiveness measures and simplified procedures, the Committee recommended that the Secretary-General's review of possible obsolete activities should remain within the context of relevant Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation;

(e) The Committee recommended approval of the priorities contained in paragraph 11 of the report of the Secretary-General on the proposed programme budget outline for 2004-2005;

(f) The Committee recommended also that the size of the contingency fund should be 0.75 per cent of the budget outline total and reaffirmed resolution 41/213, in particular the provision requiring reprogramming of activities when the contingency fund is fully utilized.